GOVERNMENT OF INDIA
TOURISM AND CULTURE
LOK SABHA

UNSTARRED QUESTION NO:3158
ANSWERED ON:05.08.2002
AGREEMENT WITH INDIAN HOTELS CHAIN WITH FOREIGN HOTELS
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Will the Minister of TOURISM AND CULTURE be pleased to state:

(a) the number of agreements signed by Chain of India Hotels with foreign hotels chain during 1999, 2000 and 2001;

(b) the main provisions of each of these agreements; and

(c) the amount of foreign exchange outgo vis-Ã -vis earnings therefrom?

Answer

MINISTER OF TOURISM AND CULTURE (SHRI JAGMOHAN)

(a) : The Hotel and Tourism industry is primarily a private sector activity. Foreign Direct Investment amounting to Rs.1352.73 crores has been approved by the Government in Hotel and Tourism Sector during the last three years :

Year	FDI Proposals	Amount approved (Rs./Crores)
1999	67	784.49
2000	54	374.99
2001	67	193.25
Total	188	1352.73

(b) : 100 % FDI is permissible in Hotel and Tourism Sector. The Reserve Bank of India, through its regional offices, accords automatic approval to all industries (including hotel and tourism sector) for foreign technology collaboration agreements as per parameters/ guidelines formulated by the Ministry of Commerce and Industry.

(c) : For foreign technology agreements, automatic approval is granted involving foreign exchange outflow as under :
(i) up to 3 % of the capital cost of the project is proposed to be paid for technical and consultancy services including fees for architects, design, supervision, etc.
(ii) up to 3% of net turnover is payable for franchising and marketing/ publicity support fee, and
(iii) up to 10% gross operating profit is payable for management fee including incentive fee.